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RAYMOND J. DONOVAN
SECRETARY OF LABOR

SUPPLEMENTAL REPORT

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

APRIL 1982

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FOREWORD

Confirmation hearings for the nomination of Raymond J. Donovan to be Secretary of Labor were held by the Committee on Labor and Human Resources on January 12 and January 27, 1981. The Committee reported the nomination out on January 30, 1981 with a vote of 11 yeas and 5 present. A report of the Committee together with additional views was issued on that date. Mr. Donovan was confirmed by the Senate as Secretary of Labor on February 3, 1981 by a vote of 80 to 17.

During the confirmation hearings certain allegations against Secretary Donovan and his former company were presented and responded to by Mr. Donovan. The Committee has recently been informed by the Federal Bureau of Investigation of certain additional information which was in the possession of the Bureau prior to Secretary Donovan's confirmation by the Senate, but was not furnished to the Committee at that time. The Committee received this information after it was developed by the Special Prosecutor, and it then was forwarded to the Committee by the FBI with his concurrence.

This report is being issued by the Committee to supplement the report filed January 30, 1981 by including this information.

ORRIN G. HATCH,
Chairman.
EDWARD M. KENNEDY,
Ranking Minority Member.

U.S. DEPARTMENT OF JUSTICE,
FEDERAL BUREAU OF INVESTIGATION,
Washington, D.C., April 15, 1982.

Hon. ORRIN G. HATCH,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During the investigation concerning Secretary Raymond Donovan by Special Prosecutor Leon Silverman, certain additional information was discovered which was not previously provided to your Committee. Because of the discovery of this information, and based on information developed by the Special Prosecutor, I ordered the extraordinary step of searching all field offices, and, as a result, five other matters which involve Mr. Donovan and/or Schiavone Construction Company were located.

With the concurrence of the Special Prosecutor, the aforementioned documents are being provided for your review. Also, I am enclosing two documents which explain how the enclosed information was located.

If I can be of any further assistance to you please do not hesitate to contact me.

Sincerely yours,

WILLIAM H. WEBSTER,
Director.

Enclosures.

U.S. DEPARTMENT OF JUSTICE,
FEDERAL BUREAU OF INVESTIGATION,
Washington, D.C., March 18, 1982.

RAYMOND J. DONOVAN

During January, 1981, the FBI conducted a background investigation concerning Raymond J. Donovan's appointment as Secretary of Labor. The results were furnished through the Assistant Attorney General's Office of Legislative Affairs, Department of Justice, to the U.S. Senate Committee on Labor and Human Resources as well as to the office of the then President Elect.

Subsequent to Secretary Donovan's appointment, Special Prosecutor Leon Silverman was designated to conduct an investigation of Donovan under the Ethics in Government Act. During Mr. Silverman's investigation it was determined that certain information contained in the files of the FBI's Newark field office had not been furnished to the Senate Committee on Labor and Human Resources. A question developed as to just what information had been furnished by the Newark FBI office to FBI Headquarters personnel concerning certain information reported by an FBI source to a Newark Agent on January 27, 1981, and February 1, 1981. On March 17–18, 1982, the FBI's Office of Professional Responsibility conducted an inquiry into this matter.

Basically, the information involved deals with telephonic conversations on January 27 and February 1, 1981, between an FBI source and Special Agent John Marshal Hersh of the Newark FBI office. Copies of two memoranda prepared by SA Hersh on February 2, 1981, concerning these contacts are attached.

The information provided by this source is extremely singular in nature, dissemination should be limited and must be protected.

The failure to disseminate this information to the Senate Committee and to the Special Prosecutor was due in part to a belief on the part of the Newark Division of the FBI that the information had been furnished to the Special Inquiry Section at FBI Headquarters. According to Newark Agents, the informant information of January 27, 1981, was furnished orally to the Chief of the Special Inquiry Unit on January 27, 1981. The informant information of February 1, 1981, was telephonically furnished to the Bureau on February 2, 1981, and confirmed in part by teletype on February 3, 1981. The failure to advise the Committee was also due in part to FBI Headquarter's unawareness of the existence of portions of the information in the February 2, 1981 memoranda. Bureau managers of the Special Inquiry Section have advised they did not receive any of the informant information except for that pertaining to an allegation that $50,000 in construction materials were provided to Anthony Provenzano by Donovan's firm and the information pertaining to Sal Briguglio's relationship to Dovovan as known to (name deleted).

These two items were not furnished to the Senate Committee because it was the Bureau's understanding that the Provenzano matter was already known to the Senate Committee as a result of a conversation that took place between Walter Sheridan of Senator Kennedy's staff and Assistant Section Chief Joseph Domzalski on January 28, 1981. The (name deleted) information was not furnished because the information proved to be unsubstantiated almost immediately upon coming to the attention of the Newark Division.

In summary, none of the information contained in the two attached memoranda was furnished to the Senate Committee on Labor and Human Resources by FBIHQ.

The information provided by this source is extremely singular in nature, dissemination should be limited and must be protected.

Enclosures.

APRIL 7, 1982.

RAYMOND J. DONOVAN

During January, 1981, the FBI conducted a background investigation of Raymond J. Donovan who at the time was being considered for appointment as Secretary of Labor. Summaries of the investigation were furnished through the Assistant Attorney General's Office of Legislative Affairs, Department of Justice, to the U.S. Senate Committee on Labor and Human Resources, as well as to the Office of the President Elect.

Subsequent to Secretary Donovan's appointment, Special Prosecutor Leon Silverman was designated to conduct an investigation of Donovan, in accordance with provisions of the Ethics in Government Act. During Mr. Silverman's investigation it was determined that certain information was contained in the files of the FBI's Newark field office which did not appear to have been furnished to the Senate

Committee on Labor and Human Resources, or the Special Prosecutor. The information and an explanation of the circumstances which contributed to the failure to disseminate are addressed in a March 18, 1982, report which has been furnished to the Special Prosecutor. The Special Prosecutor has by letter dated March 29, 1982, authorized, in accordance with 28 USC 597, the release of the information from the Newark field office to the U.S. Senate Committee on Human Resources.

Special Prosecutor Leon Silverman, Director William H. Webster, and members of their respective staffs met on March 19, 1982, and discussed the measures used in the Newark field office to retrieve this previously unreported information about Secretary Donovan. By the close of business March 19, 1982, all field offices were notified of additional steps to be taken.

All fifty-nine field offices have now responded and furnished photocopies of original documents mentioning either Raymond J. Donovan or Schiavone Construction Company, not previously made known to FBI Headquarters during the Donovan background investigation. A copy of each teletype received from all field offices was furnished to the Special Prosecutor on March 24, 1982. A detailed review of the teletypes received and documents requested has located five incidents which do not appear to have been disseminated previously.

The information provided by the sources mentioned in this document is extremely singular in nature, dissemination should be limited and must be protected.

A summarization of the information located follows with photocopies of all original documents attached:

NEW YORK DIVISION

During April, 1981, a (name deleted) appeared at the New Rochelle Resident Agency to discuss observations he had made during the period he had been employed by an Italian company that was involved in a joint venture with Schiavone Construction. Mr. (name deleted) was referred to the U.S. Treasury Department in that the information involved questionable foreign currency transactions. By letter dated 4/25/81 (name deleted) transmitted, for information purposes, a copy of a letter dated 4/24/81, he sent to the Treasury Department. In the April 24th letter, he mentioned converting some company funds ($10,000) into cash and his suspicions that the money was used as a labor peace purchase. The letters were forwarded to the New York squad addressing Labor Racketeering and a case opened. On 5/19/81, a Special Agent contacted (name deleted) and learned that (name deleted) had no direct knowledge or information to support his suspicions nor any idea to whom a bribe may have been paid. Neither Donovan nor Schiavone Construction were mentioned beyond an existing business relationship. At that point the agent, with Supervisor concurrence in behalf of the New York Office, closed the case and determined FBIHQ notification was not warranted.

NEW YORK DIVISION

During the weekend of January 10, and 11, 1981, a number of Special Agents assigned to the New York office contacted informants

in an effort to gain the information they might possess about Raymond J. Donovan. Over the next few workdays the information they gained was typed and sent to the Supervisor in charge of the Donovan background investigation. One of those informants contacted disclosed on January 11, 1981, that Donovan had business contacts with a number of individuals with questionable reputation and mentioned: Jack McCarthy, Tim Murphy aka Joe Pecora, Lou Marchante, Charlie Marchante, FNU De Angelis, and John Riggi. Some of these individuals are alleged to have close association with organized crime figures. He advised John Albert would have information about Donovan and that Cornelius Gallagher was on the Schiavone Company payroll. The Supervisor directed the communication to the file and today is unable to recall any dissemination of this information. The file fails to reflect any further action.

PHILADELPHIA DIVISION

On 9/22/78, an informant learned that a Pennsylvania Highway official had received $3,000.00 in lumber for personal use from a Schiavone Construction Company employee. The company was at the time constructing a portion of an interstate highway in Pennsylvania. State investigation resulted in the identification of all parties involved and discharge of the state employee. The FBI opened an investigative file, interviewed several individuals, and presented the allegation for a preliminary prosecutive opinion. The AUSA involved declined prosecution and the case was then closed. Bureau reporting regulations, in effect at the time, were observed, and FBIHQ was notified. No involvement of Raymond Donovan nor any corporate officer was discovered.

SEATTLE DIVISION

On 1/28/81, Joanne Dixon, a complainant from the Northern California area, telephonically contacted the Vancouver Resident Agency and reported that the Raymond Donovan she observed on a television news broadcast appeared to be the individual that defrauded her in 1978 or 1979 in the installation of aluminum siding on her California residence. SA John T. Gordon prepared an FD 302 of the contact, and by priority teletype submitted the information to FBIHQ. The teletype was marked to the attention of "The Criminal Division, White-Collar Crimes Section, Public Corruption Unit, Room 3117, Ron Butler." The caption used was Raymond J. Donovan, Secretary of Labor designee, Information Concerning, SPIN (B) 00: BUREAU." Assistant Section Chief Ronald Butler advises he was the Public Corruption Unit Chief on 1/29/81 but has no recollection of the Seattle teletype. Anthony Adamski, Chief, Special Inquiry Unit has advised that the Seattle teletype was received by his unit and is contained in the Donovan Special Inquiry file at FBIHQ. No action was taken by FBIHQ on this information because Donovan's background had been verified for the 1978 and 1979 period. Donovan was found to have been employed by Schiavone Construction Company and residing in Short Hills, New Jersey. The investigation did not develop any information that Donovan had been employed in any aspect of the aluminum siding business. The information was received at FBIHQ on 1/30/81,

three days after FBI testimony before the Senate. Inasmuch the information was not considered identical with Donovan and therefore not pertinent it does not appear to have been disseminated.

SUMMARIES OF DELETED INFORMATION

Attached are copies of various communications which serves as the basis for the above summarizations.

To protect the identity of informants the following information has not been included in this report.

1. The two memoranda dated 2/1/81 reflecting telephonic interviews with an informant referred to in the March 18 memorandum.

2. One of the summaries in the April 7, 1982 FBI memorandum.

3. The copies of the communications serving as a basis for the summarizations referred to in the last paragraph of the April memorandum.

The deleted information may be summarized as follows:

(1) The information furnished by the informant in the February 1, 1981 Newark memoranda indicated that Raymond Donovan socialized on a regular basis with Salvatore Briguglio. The informant said that through his contacts with municipal and state agencies in the Northern New Jersey area, Briguglio was able to determine the lowest bids which had been received from other construction companies on various jobs. The informants said that Briguglio would then furnish the lowest bid information to Donovan, who would in turn utilize this information to underbid the competition and obtain the contract. According to the informant, Briguglio received payoffs from Donovan for his assistance in obtaining the contracts. The informant said that Briguglio's brother, Gabe Briguglio, assisted in picking up payoffs from Donovan.

The informant said that during the mid-1960's as a result of Donovan's association with Briguglio, the Schiavone Construction Company furnished approximately $50,000 worth of building materials utilized in the renovation of Anthony Provenzano's residence in Clifton, New Jersey. The informant said that no invoices or bills were sent to Provenzano by the Schiavone Company. The informant said that flatbed trucks owned by the Schiavone Company delivered materials including plywood, shingles, plumbing supplies, kitchen cabinets, concrete and sod.

The informant said that during the early to mid-1960's the Schiavone Company generated funds utilized for payoffs to Briguglio through a procedure of overbilling for several large cranes purchased by the company.

The informant said that during the late 1960's and the early 1970's Donovan and Briguglio took various pleasure trips together. The informant said that Donovan was also present at Briguglio's residence in Washington Township, New Jersey on numerous occasions. According to the informant, Briguglio was present at Sid Allen's restaurant, Fort Lee, New Jersey, in the company of Mr. Donovan on April 13, 1969.

(2) Another informant furnished the following information to an FBI agent in the New York office on January 11, 1981.

The informant said that in the 1960's Raymond Donovan was associated with Jack McCarthy and that Donovan introduced McCarthy to the Cero (phonetic) Wire and Cable Company which McCarthy thereafter represented.

The informant said that the Schiavone Company had been associated with Lou and Charlie Marchante (phonetic) and Cornelius Gallagher. The informant said that Gallagher was at one time on the Schiavone payroll and that McCarthy had at one time been retained by Schiavone. The informant said that if McCarthy took payoffs, he would do it through a vehicle such as taking out newspaper ads and receiving a large sum of money for them.

The informant said that (FNU) DeAngelis who was involved in the New Jersey soybean scandal, Gallagher, Donovan and Tim Murphy (true name Joe Pecora) were all in some way connected with John Riggi.

The informant said that John Albert who was involved in toxic waste cleanup would have information concerning Donovan. The informant described Albert as a promoter.

(3) Another informant advised the FBI on February 6, 1981 that Don Rogers, a former Nixon White House staff member, had recommended Mr. Donovan for the position of Secretary of Labor. According to the informant, Rogers, a Teamster, did this without the backing of Fitzsimmons and would probably be fired in the near future.

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